



****Coronavirus Covid-19 Update****

The risks associated with doing business are likely to be negatively impacted by the global coronavirus pandemic. Severe disruption to supply chains caused by lockdown procedures in many countries will affect country risk ratings. Demand will also be lower than initially anticipated as export earnings will be reduced amid a global economic slowdown and falls in both business and consumer confidence, as well as lower investment due to decreasing corporate earnings. We advise clients to monitor the containment efforts, as the adverse economic and supply chain effects will persist until the outbreak is controlled.

Country Insight Snapshot

Qatar

October 2020





OVERVIEW

OVERALL COUNTRY RISK RATING: DB2d

Low risk: Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns in future.



Rating Outlook: Deteriorating

CORE OUTLOOK

- + A planned 64% expansion in LNG production by around 2027 will give the economy fresh impetus.
- + A raft of reforms, including plans to permit 100% ownership for foreign investors in many sectors, will boost the business environment.
- Coronavirus-induced closures and the oil price crash will cause serious pain in 2020, but Qatar is better placed than most to weather this crisis.
- The ongoing boycott by three of Qatar's Gulf neighbours makes some business activity more complicated and expensive, but there are signs of a thaw developing.

KEY DEVELOPMENT

The hydrocarbon sector gets a boost as Qatar receives bids for the first phase of the latest LNG expansion programme; but long-term demand uncertainties persist.

CREDIT ENVIRONMENT OUTLOOK



Trend: Stable

Key Development has had a positive impact on the outlook.

SUPPLY ENVIRONMENT OUTLOOK



Trend: Deteriorating

Key Development has had a neutral impact on the outlook.

MARKET ENVIRONMENT OUTLOOK



Trend: Deteriorating

Key Development has had a positive impact on the outlook.

POLITICAL ENVIRONMENT OUTLOOK



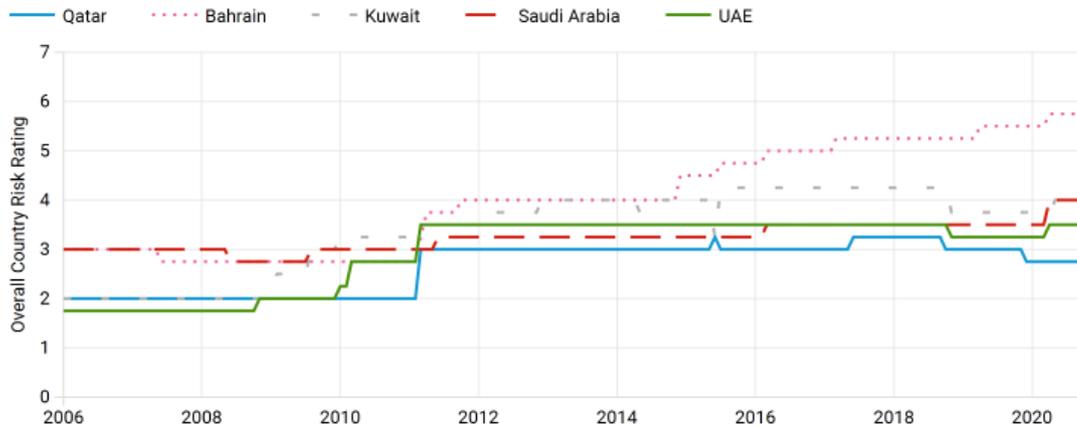
Trend: Stable

Key Development has had a neutral impact on the outlook.



KEY INDICATORS

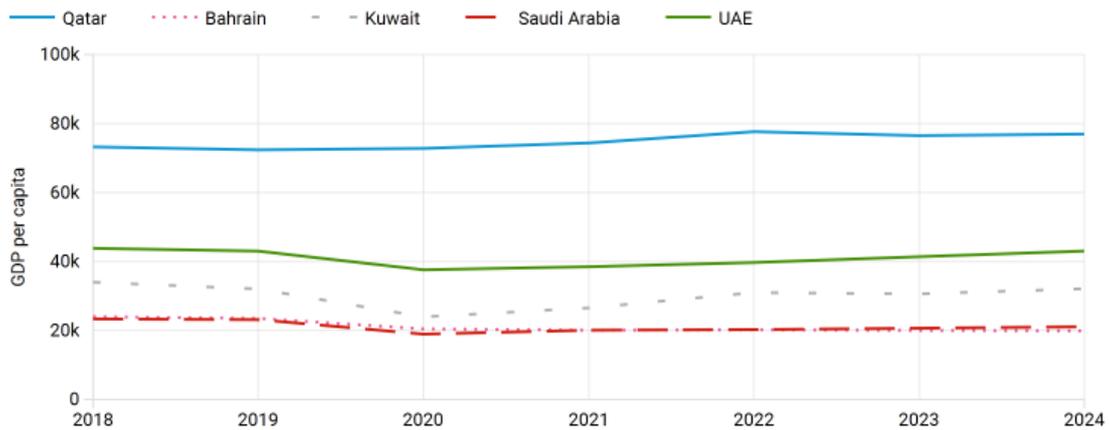
Rating History and Comparison



Source: Dun & Bradstreet

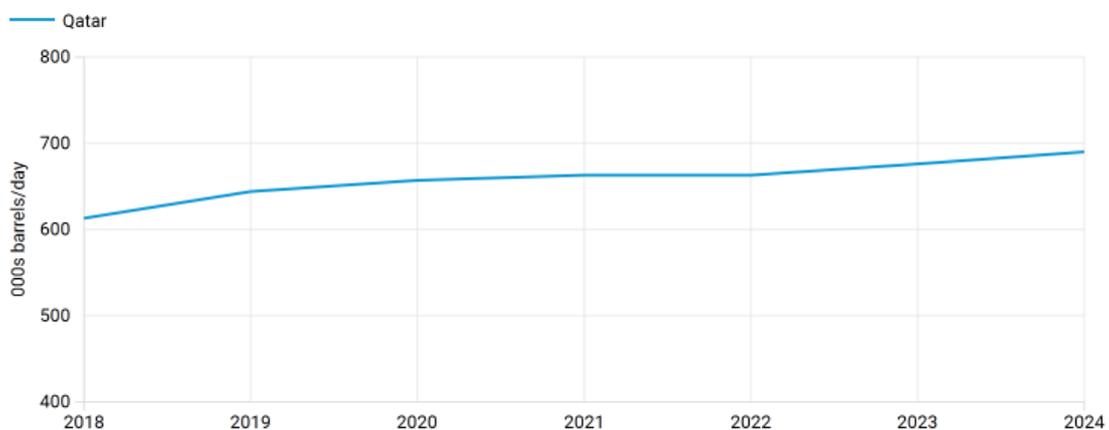
Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source: Haver Analytics/Dun & Bradstreet

Crude Oil Production



Source: Dun & Bradstreet



Economic Indicators

| Indicator | 2017 | 2018 | 2019 | 2020f | 2021f | 2022f | 2023f | 2024f |
|--------------------------|------|------|------|-------|-------|-------|-------|-------|
| C/A balance % GDP | 3.8 | 8.7 | 7.9 | 6.3 | 3.5 | 1.1 | 1.6 | 2.2 |
| Govt balance, % GDP | -6.6 | 2.2 | 1.9 | 0.4 | 0.1 | -0.6 | -0.5 | 0.3 |
| Inflation, annual avge % | 0.4 | 0.2 | -0.3 | 2.1 | 2.3 | 3.1 | -0.7 | 0.4 |
| Oil Price, USD/b | 54.4 | 71.1 | 64.0 | 41.6 | 43.8 | 50.0 | 51.0 | 53.0 |
| Real GDP Growth, % | 1.6 | 1.5 | 1.5 | 0.8 | 2.1 | 3.5 | 1.2 | 2.1 |

Source: Haver Analytics/Dun & Bradstreet

TRADE AND COMMERCIAL ENVIRONMENT

Commercial risks are generally considered to be low, although they are heightened by a culture of late payment, an inefficient judicial system, and a lack of financial transparency, which can mask the true level of credit risk. Qatar ranks a respectable 29th in the latest *Global Competitiveness Report*. Political risk is a concern given the trade boycott since June 2017 by four regional countries, including Saudi Arabia and the UAE. However, Qatar has largely overcome the economic impact of the boycott, and found new trade routes and sources of financing, which will limit risks (unless the spat intensifies significantly). There are also risks related to international tensions with Iran, with which Qatar must maintain a good relationship given their shared gas field and its reliance on Iranian airspace for aviation. The coronavirus crisis has created a wide range of challenges to the trade and commercial environment globally, but Qatar is better placed than most countries to ride out the pandemic.

TRADE TERMS AND TRANSFER SITUATION

Minimum Terms: OA

The minimum form of documentation or trading method that Dun & Bradstreet advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: OA

Dun & Bradstreet's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30-60 days

Normal period of credit associated with transactions with companies in the stated country.

Local Delays: 0-1 month

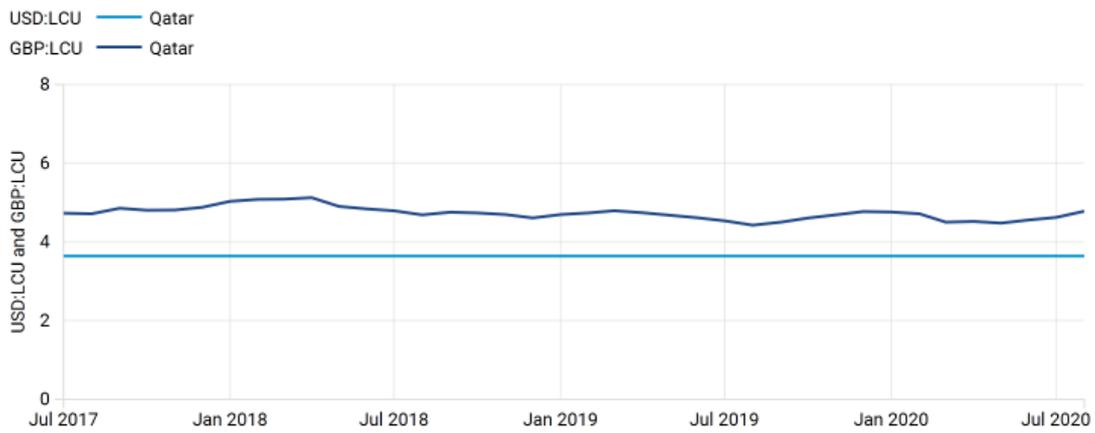
The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: No delays reported

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.



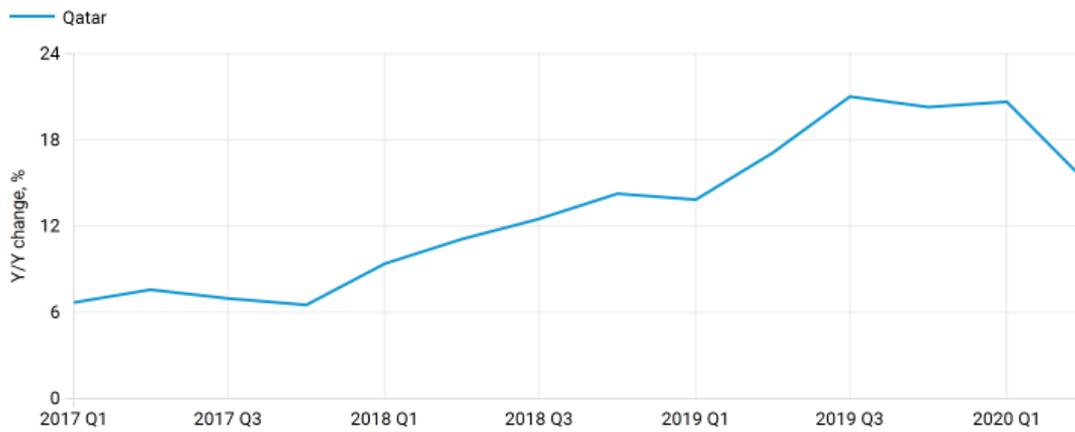
Exchange Rate



Source: International Monetary Fund/Dun & Bradstreet

LCU (local currency unit) = Qatari riyal

Bank Lending to the Private Sector



Source: IMF, Central Banks, Haver Analytics



RISKS AND OPPORTUNITIES

Long-Term Economic Potential

Bids solicited for North Field expansion

In mid-September, Qatar Petroleum (QP) received commercial bids from three international teams for the estimated USD20bn onshore portion of the North Field Expansion (NFE) project, which will see Qatar's LNG output increase by 64% to 126m tons/year (t/y) by 2027. In the first half of 2020, as oil prices collapsed and the coronavirus pandemic severely curtailed global energy demand, further progress on the NFE was postponed as prospective equity investors suddenly balked at such a huge capital commitment amid plummeting revenue and demand uncertainty. The bids, though received with some delay, have set the first phase of the expansion on course for a final investment decision in 2021. Qatar remains bullish about the long-term outlook for natural gas as a rising share of energy mixes in major industrialising economies, particularly China and India. In September, China awarded Qatargas the tender for supplying 1m tons of LNG annually. Under the contract, Qatargas will sell the LNG at a steep discount on the price of oil, reflecting Qatar's aggressive targeting of the Chinese market. At end-2019, China overtook Japan as the world's top importer of LNG on a monthly basis, making it a key growth market for Qatar's plans to regain global preeminence in LNG.

However, a wave of new supply due to come on stream globally in the coming years threatens a glut by mid-decade and thus a period of subdued prices. QP not only has no customers lined up for any of the new capacity, but many of the long-term supply contracts absorbing existing production are due to expire between 2021 and 2025. Although Qatari LNG has a competitive edge owing to unbeatably low production costs, a deferral of the investment in the second phase of the NFE seems likely.

Political/Insecurity Risk

Normalisation challenges Qatari diplomacy

The normalisation of ties between Israel and two Gulf states, Bahrain and the UAE, has challenged Qatar's diplomatic balancing act in its relations with the US and Iran. In recent years, increasingly visible co-operation between Israel and Gulf heavyweights Saudi Arabia and the UAE has been underpinned by a shared deep animus for Iran. Qatar has long maintained cordial ties with Iran, with which it shares maritime jurisdiction over the largest gas field in the world, and has grown increasingly reliant on Iranian airspace since being subjected to a Saudi-led regional boycott in 2017. Gulf states' normalisation with Israel, which can be viewed as the formation of an anti-Iran entente, is therefore at odds with Qatar's need to uphold strategic ties with Iran. Yet, Qatar also attaches singular importance to its relationship with the US, its defence guarantor. Under President Donald Trump, the US has intensified its efforts to weaken Iran economically and politically. Thus, in August, Qatar was among the signatories to a GCC letter addressed to the UN Security Council in support of US calls for an extension of an arms embargo against Iran. Qatar has publicly ruled out the possibility of normalising ties with Israel, as this would risk a domestic political backlash and would stoke tensions with Iran. As the boycott continues, Qatar will continue to cultivate ties with both Iran and the US.



COUNTRY PROFILE AND STATISTICS

Overview

Qatar lies halfway down the Persian Gulf on the Arabian Peninsula, bordering Saudi Arabia. It gained independence in 1971 and is a member of the Gulf Co-operation Council.

The economy is heavily dependent on hydrocarbons and Qatar has among the largest gas reserves in the world, which are being aggressively developed, with a further wave of expansion coming in 2024-7. High hydrocarbon revenues in recent times have encouraged the government to adopt an expansive policy of infrastructure development and export-oriented industrialisation, based on cheap energy, to reduce hydrocarbon dependency. The projects have also aimed to boost the role of the private sector through a series of public-private partnerships. The authorities are building up a considerable portfolio of foreign assets.

The recycling of the hydrocarbon revenues has allowed the royal family to rule with benign authoritarianism, without the emergence of any political opposition. The slow political liberalisation process instituted in 2003 has stalled without any grass-roots criticism, and the regional disturbances of the Arab Spring largely bypassed the country. However, its desire to carve out an independent path from that of its Gulf neighbours has led to it being viewed as a maverick state. In mid-2017 these differences came to a head when Gulf neighbours Saudi Arabia and the UAE, supported by Egypt, cut diplomatic and transport links with Qatar in protest against its independent foreign policy.

Key Facts

| Key Fact | Detail |
|----------------------------|-------------------------------|
| Head of state | Emir TAMIM bin Hamid al-Thani |
| Capital | Doha |
| Timezone | GMT +03-00 |
| Official language | Arabic |
| Population (millions) | 2.7 |
| GDP (USD billions) | 193.7 |
| GDP per capita (USD) | 72,377 |
| Life expectancy (years) | 79.9 |
| Literacy (% of adult pop.) | 93.5 |
| Surface area (sq km) | 11,000 |

Source: Various sources/Dun & Bradstreet

Historical Data

| Metric | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|--------|--------|--------|--------|--------|
| Real GDP growth (%) | 3.7 | 2.1 | 1.6 | 1.5 | 1.5 |
| Nominal GDP in USDbn | 162 | 152 | 167 | 191 | 194 |
| Nominal GDP in local currency (bn) | 589 | 552 | 608 | 697 | 705 |
| GDP per Capita in USD | 67,645 | 61,306 | 64,203 | 73,235 | 72,377 |
| Population (year-end, m) | 2.4 | 2.5 | 2.6 | 2.6 | 2.7 |
| Exchange rate (yr avge, USD-LCU) | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 |
| Current Account in USDbn | 13.8 | -8.3 | 6.4 | 16.7 | 15.3 |
| Current Account (% of GDP) | 8.5 | -5.5 | 3.8 | 8.7 | 7.9 |
| FX reserves (year-end, USDbn) | 36.5 | 30.8 | 13.8 | 29.1 | 31.4 |
| Import Cover (months) | 7.4 | 5.8 | 2.7 | 5.3 | 5.4 |
| Inflation (annual avge, %) | 1.9 | 2.7 | 0.4 | 0.2 | -0.3 |
| Govt Balance (% GDP) | -0.7 | -9.2 | -6.6 | 2.2 | 1.9 |

Source: Haver Analytics/Dun & Bradstreet



Forecasts

| Metric | 2020f | 2021f | 2022f | 2023f | 2024f |
|------------------------------------|--------|--------|--------|--------|--------|
| Real GDP growth (%) | 0.8 | 2.1 | 3.5 | 1.2 | 2.1 |
| Nominal GDP in USDbn | 199 | 208 | 222 | 223 | 228 |
| Nominal GDP in local currency (bn) | 725 | 757 | 807 | 811 | 832 |
| GDP per Capita in USD | 72,801 | 74,368 | 77,646 | 76,504 | 76,955 |
| Population (year-end, m) | 2.7 | 2.8 | 2.9 | 2.9 | 3.0 |
| Exchange rate (yr avge, USD-LCU) | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 |
| Current Account in USDbn | 12.6 | 7.3 | 2.4 | 3.6 | 5.0 |
| Current Account (% of GDP) | 6.3 | 3.5 | 1.1 | 1.6 | 2.2 |
| FX reserves (year-end, USDbn) | 33.0 | 33.3 | 33.0 | 32.3 | 31.7 |
| Import Cover (months) | 5.4 | 5.2 | 4.9 | 4.6 | 4.3 |
| Inflation (annual avge, %) | 2.1 | 2.3 | 3.1 | -0.7 | 0.4 |
| Govt Balance (% GDP) | 0.4 | 0.1 | -0.6 | -0.5 | 0.3 |

Source: Haver Analytics/Dun & Bradstreet

Comparative Market Indicators

| Indicator | Qatar | Bahrain | Kuwait | S. Arabia | UAE |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Income per Capita (USD) | 72,801 | 20,457 | 23,931 | 18,934 | 37,600 |
| Country Population (m) | 2.7 | 1.7 | 4.3 | 34.8 | 9.9 |
| Internet users (% of population) | 99.7 | 98.6 | 99.6 | 93.3 | 98.5 |
| Real GDP Growth (% p.a., 2020 - 2029) | 2.5 - 4.5 | 1.0 - 3.0 | 1.5 - 3.5 | 1.0 - 3.5 | 2.0 - 4.0 |

Source: Various sources/Dun & Bradstreet



LINKS

User Guide

Please click [here](#) to visit our online user guide.

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